UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information,
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To Editors of Farm Journals:

The following information is for your use.

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"IS AGRICULTURE FAIR TO CONSUMERS?"

An editor asked for information with which to answer the question, "Is agriculture fair to consumers?" In response to this request, the following statement, based largely on recent speeches by Secretary of Agriculture Henry A. Wallace, is offered:

This year the nation has increased basic food production above that of 1934, and thus has protected American consumers from any possibility of shortage.

It is dangerous to reduce production too close to domestic requirements. American consumers are entitled to a margin of safety in years of bad weather. In years of higher than average yields, farmers are entitled to a means of assuring reasonably stable prices for their products.

Secretary Wallace has said that our agricultural policy is an adjustment policy which provides for increases when they make for the welfare of consumers, and for decreases when they make for the welfare of farmers.

In 1933 the policy was one of reduction because the facts demanded it; the policy is one of expansion this year because the facts demand it.

Agriculture never has subscribed to a policy of food scarcity. It is not subscribing to or pursuing that policy now. If farmers were to use government powers to induce scarcity, or to take food and fiber away from American consumers, these powers would be denied farmers.

In June, 1934, the President said that we must keep before us the protection of the consumer "through the maintenance of reasonable competition for the prevention of unfair sky-rocketing of retail prices".

Farmers know that their rights and welfare are tied up with those of consumers. Farmers have gone a long way at their own expense to obtain direct business contact with consumers.

In the nation's wheatfield, there is a third of an acre of wheat which, on the basis of average yields, is being raised for each city dweller.

About three-quarters of an acre of corn in the nation's cornfield goes to each average consumer largely in the form of pork or beef.

About one-seventh of an acre in the nation's cottonfield produces the cotton fiber used by each individual in the country.

Adjustment programs have not affected and will not affect the consumer's portion of the nation's wheat, corn and cotton fields. That portion is being used for him just as it always has been.

On July 1 this year the nation's wheat carryover was greater than in any of the so-called prosperous years between 1919 and 1928, in spite of last year's drought. There will be a cotton carryover nearly twice the normal. More meat is available for consumers today than there would have been had there been no AAA pig marketing program in 1933 and no AAA cattle salvaging program in 1934.

Under the AAA's pig marketing program in the fall of 1933, the 6 million pigs purchased and slaughtered provided about 100 million pounds of cured pork for needy, unemployed people. A high percentage of these pigs came from regions in which, due to drought and grasshoppers, farmers were unable to feed them.

Had these 6 million pigs moved into trade channels at that time, they would have further broken down a glutted, demoralized hog market.

As a result of the pig marketing program, prices for hogs rose sharply in February and March, 1934, as was expected, and remaining livestock on farms had 60 to 70 million bushels more corn than it otherwise would have had to live on through the drought of 1934.

On January 1, 1933, the farm value per head of hogs (including pigs) was $4.22; on the same date in 1935 it was $6.41 a head.

The average farm price of hogs on July 5, 1935, was $8.40 and the parity price $9.10 a cwt. For beef cattle on the same date, the average farm price was $6.20 and the parity price $6.56 a cwt.

Retail pork prices in New York City in June, 1935, averaged $27.48 a cwt. In the same month in that city, retail prices of good grade steer beef averaged $31.11 a cwt.

Government purchases of nearly 10 million cattle and sheep in drought areas last year prevented most of them from becoming a total loss through starvation.

Almost a billion pounds of meat was thus saved for distribution through relief channels, a vast tonnage of feed and forage was conserved, and the

encouragement given to increasing the acreage of feed and forage crops in 1933 and 1934 definitely minimized the damage which the 1934 drought might have done to both farmers and consumers.

Two years ago the nation had so many hogs (more than 61,000,000 head) that prices to producers were at ruinously low levels. Improved prices last year and this have tempted many farmers to found or increase herds. Hogs multiply rapidly. By the end of 1936 the nation's hog population can be so large that prices again will drop below the profit point unless producers choose to prevent excess production.

On January 1, 1935, our cattle population was 60,667,000 head; for the 10 years ending January 1, 1934, it averaged 61,257,000 head.

Meat prices were higher in 1931 and all food prices in that year were .7 of a cent higher than they have been in the first 6 months of 1935.

Neither surpluses nor shortages of the nation's staple foods, with drastic downswings and upswings in prices to farmers, are desired by either consumers or farmers. Adjustments in the production of these foods is essential to the interlocked welfare of both consumers and farmers.

AAA programs have substantially increased the purchasing power of farmers. City workers have shared in the expanded cash income of farmers since 1932. City payrolls and cash income of farmers move up or down together. As agriculture's share of the national income increases, city workers and consumers are benefited.

In 1932 the total cash income of American farmers was $4,328,000,000, while in 1933 it was $5,051,000,000, including benefit payments. Last year the total rose to $6,090,000,000, and for 1935 the latest estimate is $6,700,000,000.

During the year ending June 30, 1933, shipments over four leading railroads of industrial commodities (excluding coal) from 16 industrial states north of the Ohio and Potomac Rivers and east of the Mississippi to 10 states south of the Ohio and Potomac and east of the Mississippi totaled 2,104,585,000 pounds. During the year ending June 30, 1934, these shipments from the same 16 states to the same 10 states showed an increase of 38.8 percent.

About 57 percent of the income of city people and farmers in 1929 went into retail sales. Farmers in that year thus spent more than 6 billion dollars, while city workers spent more than 43 billion. In 1932 farmers were able to spend only a little more than 2 billion dollars and city workers less than 24 billion in retail sales.

In 1933 city income continued to decline, and city sales along with it, but farmers, with an increased income, spent in retail sales more than 2-1/2 billion dollars.

Last year, with farm income again higher, rural retail sales rose to more than 3 billion dollars, and the increased well-being which 1933 farm expenditures had brought to cities was reflected in rising city incomes and in city expenditures of more than 25 billion dollars.

Processing taxes under the AAA are the farmer's equivalent of the tariff. He can use it as such only within the limits of justice to consumers.

American industry has been collecting its tariff protection from consumers ever since 1789.

American agriculture for about two years has been collecting processing taxes on a few of its products. These are cotton, wheat, corn, hogs, tobacco, sugar cane, sugar beets and peanuts. Rice and rye have been recently included. There are no processing taxes on any other farm products.

# # #

NEW WHEAT PROGRAM FOLLOWS FARMERS' RECOMMENDATIONS

The new wheat adjustment plan, asked for by wheat producers in their referendum May 25, is virtually completed, and the contract is expected to be ready to offer farmers soon in substantially its present form, the Agricultural Adjustment Administration has announced. The new contract follows the lines worked out by producers and the Agricultural Adjustment Administration in the conference of representative wheat farmers in Washington July 1 and 2.

It will cover the four-year period 1936 to 1939, inclusive, but will be subject to termination at the end of any marketing year by the Secretary of Agriculture, and any grower has the option of withdrawal at the end of the first two-year period. A two-year instead of a one-year withdrawal period is provided for because, in the dry farming regions, wheat production, alternating with summer fallowing, is commonly a two-year operation.

The contract will be effective first on the wheat crop for 1936, but as winter wheat plantings for that crop will soon begin, it is necessary to offer the contract to farmers as soon as possible.

Chester C. Davis, Administrator of the Agricultural Adjustment Act, said that neither the decision of the First Circuit Court of Appeals holding the processing tax unconstitutional nor any other attacks in court on the tax and the Adjustment Administration should cause farmers any hesitancy about signing the new contract. He emphasized several reasons why wheat farmers may launch their new program with confidence, as follows:

First, the new amendments to the Adjustment Act as passed by both Senate and House, specifically enact the rates of processing tax, thus meeting fully the question of delegation of legislative power, which was decisive in every instance in which the lower courts held the processing tax provisions in the original Act unconstitutional.

Second, the provisions in the new contract permitting termination by the Secretary at the end of any year, and allowing grower withdrawal at the end of the first two years, give ample machinery for ending the program in the event of an adverse decision in the Supreme Court.

Third, signers will be fully protected as to compensation for actual performance of compliance with the contract, up to the time of termination.

"Even if an adverse decision by the Supreme Court should materialize at some future time," Mr. Davis said, "the contract in its present form is admirably devised to protect both the farmers and the Government. The Government would have both a moral and a legal obligation to compensate farmers fully for performance up to the date of such a decision. The Government, in fairness and honesty, would pay, and legally would be bound to pay in full for their compliance up to that time, but not beyond that time."

As soon as the contract and supplementary forms are approved and printed, a sign-up campaign is planned among wheat farmers. The campaign will seek to place from 50 to 53 million acres of the wheat land of the country under contract. In the first campaign, in 1933, approximately 51 million acres were placed under contract, representing approximately 78 percent of the 66 million acres of wheat land in the United States.

To inform winter wheat growers of the probabilities as quickly as possible, so they may start their planting plans, it is announced that the required reduction with respect to the 1936 crop year will be 15 percent of the base acreage. With the adjustment of 15 percent, any contract signer may plant not more than 85 percent nor less than 54 percent of his base acreage for 1936. Plantings in subsequent years can be varied up or down within a 25 percent maximum, as demanded by conditions.

By means of the new contract it is expected to divert excess wheat acreage to soil improving and erosion-preventing crops and to return some of it permanently to grass or to tree crops.

The plan for a four-year contract covering the years 1936 to 1939, inclusive, was overwhelmingly approved by wheat growers in the referendum taken this spring. The proposed contract follows the general outlines of the first program, but contains changes which experience with the initial wheat program indicated would be helpful.

The main differences between the contract now under consideration, and the original one signed in 1933 include a more specific provision for adjustment payments based on actual average farm prices of wheat during the marketing year; a four-year program instead of three-year one, but with option for growers to drop out of the plan at the end of two years if they wish to do so; maximum reduction from the total base acreage of 25 percent instead of 20; provision that changes in the division of adjustment payments resulting from changes of lease arrangements by landholders must be approved by county allotment committees; and a provision under which a signer may designate a beneficiary to receive adjustment payments in the case of death or disappearance of the signer. Greater responsibility for county allotment committees and increased local participation in administration of the program is provided in several ways.

Within a county the new contract will permit minor adjustment in acreage among contract singers in line with sound farming practices. This provision is intended to correct inequalities which would occur, in some instances, from strict adherence to the historical base.

The provisions of the new wheat adjustment contract in the form in which it is now being studied, may be grouped according to the performance of the producer, the performance by the Government, and the various protections offered the producer who signs a contract.

In the proposed contract the producer has the option of withdrawing from the contract at the end of 1937, if he has met all requirements up to that time. The contract may also be terminated by the Secretary of Agriculture at the end of any contract year by proclamation before July 1 of such year. The producer agrees to adjust his acreage as may be required, but not by more than 25 percent of his base acreage. Producers also agree to plant at least 54 percent of their adjusted base acreage, and if they have other farms not under contract, they agree not to increase acreage on those farms. The producer agrees that land diverted from wheat production is to be used in general for soil improving and erosion preventing crops.

As consideration for his performance under the contract, the Government agrees to make adjustment payments to producers in such an amount as will tend to bring producers as a whole a parity or fair-exchange value return on their allotments, which are 54 percent of their adjusted average base production.

Adjustment payments are to be made in two instalments. The first payment is to be approximately two-thirds of the difference between the average farm price and parity price on a representative date before July 1 of the year for which the payment is to be made. The second payment is to be made at the end of the contract year.

This second payment will be adjusted upward or downward, depending upon the average price of wheat during the marketing year, and will be in such an amount as will tend to give the producer a parity return on his allotment, which is the share of his average production consumed in this country. This provision makes the adjustment payment for the year as a whole a mathematical determination and removes the necessity of an estimate at the beginning of the year of what the difference in parity and farm price for the year will be. The first installment for each year is to be made after the producer submits proof of compliance with the contract for that year, and the second payment is to be made after similar proof of compliance has been submitted for the crop of the following year. This arrangement will permit making the last payment for one year, and the first payment for the next year, at the same time. Producers agree to pay their pro rata share of the cost of administration of the county wheat associations. During the first year of the program this local administrative cost averaged 1.42 cents per alloted bushel for the United States as a whole.

Under the terms of the contract in the present tentative form, adjustment payments cannot be sold, transferred, pledged or assigned in any way. In the new contract, as in the old, the principle of dividing adjustment payments according to the division of the crop between landlords and tenants has been followed.

In order to prevent changes in lease arrangements which would defeat the purpose of the Act, or change the division of the crop in order that one party to the contract might receive a larger share of the adjustment payments, the

contract signers state that no scheme or device has been used which would have such an effect.

When the contract is signed the exact share of the crop going to each signer is set forth in the contract and payments are to be made on that basis. Where changes are made in the lease, such change must be approved by the county allotment committee before any change can be made in the division of the adjustment payments.

Producers have the privilege of naming a beneficiary to receive adjustment payments in the event of the death, disappearance, or incompetence of the signer.

In the event of attachment, garnishment, or other legal process against the adjustments the payments may be held up until such time as the producer can receive them free from such legal process.

Failure to comply with the contract makes the producer liable to termination of his contract and repayment of adjustment payments received on the previous crop.

# # #

1934 CORN LOAN REPAYMENTS NEARLY COMPLETED

Farmers who took advantage of the Government's 1934 corn loan program have repaid borrowings until they owe less than $200,000. This is the second of the Government's loans on farm-stored corn, the first being inaugurated in the fall of 1933 to enable producers to market their crop in more orderly fashion and to obtain advantage of price increases.

Of the 15,689 loans made under the 1934 program, a few over 300 loans, approximating $192,304 were outstanding on July 17. Though these loans became due and payable on July 1, Commodity Credit Corporation officials point out that a short period is required for liquidation, as in connection with any loan. They believe that complete liquidation will be effected within a few days.

The total amount of money advanced to farmers under the 1934 program was approximately $11,038,390 on 20,067,818 bushels of corn at the loan value rate of 55 cents a bushel. These loans were made to farmers in Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio and South Dakota.

The volume of loans during the past season was not so large as under the original program because corn prices had risen considerably above the loan value, and because corn supplies on farms were very limited. Loans made on 1933 farm-stored corn amounted to approximately $120,500,000 and the volume of corn put into storage totalled about 270,000,000 bushels. The loan rate in 1933 was 45 cents a bushel. One-hundred-percent collection was reported on the 197,000 loans involved in this program.

It has been announced that a corn loan will be made available this fall to farmers participating in the 1935 corn-hog program. Adjustment officials

state, however, that it is yet too early to determine supplies which might be on hand this fall, and, consequently, it is impossible to establish the loan value rate at this time. The corn loan program is recognized by the Agricultural Adjustment Administration as a valuable device for carrying reserve supplies from one year to another, provided that it is coupled with sound production control.

# # #

WHEAT ALLOTMENT PAYMENTS INCREASED

The 1935 wheat adjustment payments will be at least 33 cents a bushel on allotments of cooperating farmers as compared with the 1934 minimum payment of 29 cents a bushel. The payments for both years are subject to slight deductions for county administrative costs. Chester C. Davis, Administrator, stated that "this increase of 4 cents a bushel for the 1935 allotments represents additional income to cooperating wheat producers of approximately $14,000,000. Under the new payment schedule, producers will receive adjustment payments on their 1935 wheat allotments of at least $115,000,000, as compared with approximately $100,000,000 which they would receive on the 29-cent basis." The additional adjustment payments to farmers are made possible through reserves accumulated from the tax on wheat produced by farmers not under allotment contracts. This increased payment will not result in any deficit in the wheat budget, since available funds are sufficient to cover the increase.

The 1935 adjustment payments will be made in two installments. The first, which is payable as soon as compliance with contracts is checked, will be at the rate of 20 cents a bushel on allotments. The final payment will be made when local administrative costs for the fiscal year 1935-36 have been determined and deductions made. The final payment will be at least 13 cents a bushel on allotments, less the deduction for local costs. The second installment may be increased above 13 cents, if the difference between the average farm price and the wheat parity price for the current marketing year is more than 33 cents a bushel. The rate of the minimum 1935 adjustment payments was established in a proclamation by Secretary Wallace on July 8. It is pointed out that the schedule of payments announced applies to the 1935 crop, which is the last one to be harvested under the original wheat contract, which covered the years 1933, 1934 and 1935. It has NO connection with the new wheat contract, now being prepared and which covers the four years, 1936-39, inclusive.

The allotment of each producer is 54 percent of his average production in the base period of the program, as set forth in his contract. The adjustment payments for 1933 were originally established at 28 cents a bushel of allotment, and were increased last year to 29 cents. The 1934 payments were set last year at a minimum of 29 cents a bushel.

The wheat adjustment payments are paid out of the processing tax of 30 cents a bushel on wheat used for domestic human consumption. The Adjustment Act provides that the rate of the processing tax shall be based upon the difference between the parity price and the current average farm price of wheat and that this rate may be changed upon variation of the difference between parity and current farm prices. Available data on wheat and parity

prices indicated that the difference on July 1 was not materially different from what it was when the tax was first announced.

The following table shows, by States, the estimated amount of adjustment payments which producers will receive upon the basis of 33 cents an allotted bushel in the 1935 crop:

Estimated 1935 Wheat Adjustment Payments, by States (based on a 33 cent payment per bushel of farm allotment).

State	(1000 dollars)	State	(1000 dollars)
Arizona	25	New Mexico	587
Arkansas	3	New York	53
California	1,457	North Carolina	62
Colorado	2,552	North Dakota	17,053
Delaware	127	Ohio	1,999
Georgia	10	Oklahoma	7,938
Idaho	4,023	Oregon	3,082
Illinois	3,074	Pennsylvania	298
Indiana	2,276	South Dakota	5,995
Iowa	575	Tennessee	156
Kansas	28,154	Texas	6,250
Kentucky	308	Utah	782
Maryland	946	Virginia	649
Michigan	1,004	Washington	6,644
Minnesota	2,224	West Virginia	91
Missouri	1,931	Wisconsin	48
Montana	7,494	Wyoming	525
Nebraksa	7,154		
Nevada	37	United States	115,600
New Jersey	14		

# # #

GROWERS TO RECEIVE BANKHEAD COTTON CERTIFICATES SOON

The Agricultural Adjustment Administration has announced that South Carolina had prepared for issuance to growers the State's quota of 1935 cotton tax-exempt certificates under the Bankhead Act, and that distribution to the producers themselves would begin in the near future. Cully A Cobb, Director of the Adjustment Administration's Division of Cotton, said that all States had received their certificates and that he had been informed that several others had virtually completed the work necessary in determining allotments to individual producers. "Unless something unforeseen happens," Mr. Cobb said, "every cotton producer will have his tax-exempt certificates before ginning begins on his 1935 crop. Each State receives a quota, determined as prescribed by the Bankhead Act on the bais of average production for the 1928-32 period, from the 10,983,264-478-pound net weight bales which may be sold without payment of the 6 cents per lint pound ginning tax under the Bankhead Act."

In turn, an allotment is determined for each county within the State, according to the procedure prescribed by the Act, and such county allotment is prorated to individual farmers.

The information that South Carolina, which received a quota of 633,570 bales, had completed its allotment to individual producers was given to the Agricultural Adjustment Administration by D. W. Watkins, Director of the Extension Service in South Carolina. "Mr. Watkins informed me," Mr. Cobb said, "that farmers and committeemen alike told him they found the Bankhead Act much easier to administer this year and that the experiences in 1934 pointed the way to avoidance of the delays and vexations which attended the administration last year of a new law. Information from other States also is that the mechanism for administering the Act is functioning smoothly and that there is no occasion for delays that would hamper the producer. I feel that farmers themselves, now that they have become familiar with the Act, are largely responsible for the speed and ease with which the Act is functioning this year. They are cooperating with the committeemen in every way possible. Reports from the field lead me to believe that the other States will not be far behind South Carolina."

# # #

MILK LICENSES AMENDED OR TERMINATED

An amendment to the milk license for milk for the Leavenworth, Kansas, sales became effective July 6. It re-incorporates the provision that distributors of milk must pay to new producers the Class III, or lowest class price, for all their deliveries during a 90-day period. This provision, which is included in practically every existing license, was contained in the Leavenworth license issued May 15, 1934, but was omitted when an amended license was issued August 17, 1934, due to emergency conditions caused by the drought.

* * *

Secretary of Agriculture Henry A. Wallace has signed an order terminating the license for milk for the Lexington, Kentucky, sales area, to be effective July 16, 1935. This license which was prepared by the Agricultural Adjustment Administration and issued by the Secretary on May 1, effective May 2, 1934, was amended August 21, 1934.

* * *

An amendment to the existing milk license for the San Diego, California, sales area became effective July 14. It reincorporates into the license technical computations regarding producer-distributors relations to the equalization market pool, which had existed in the license up until June 19, 1935.

* * *

Amendments to the existing milk licenses for the Fall River and New Bedford, Massachusetts, sales areas, became effective July 14. They provide for the removal of the 7-cent reduction factor from the formula for the butterfat differentials. The amendment for Fall River also increases from 75 to 85 percent the minimum percentage of delivered base which a producer may deliver and still retain his base.

* * *

An amended milk license for the Greater Boston sales area, setting a Class I price of $3.02 per hundredweight, became effective July 16. It reduces the price of Class I milk from $3.49 per hundredweight to $3.02 per hundredweight. This reduction was made necessary by the large volume of milk being shipped into the market by unorganized producers. Because of this large volume of underpriced milk and because of the complex enforcement problem, the cooperative selling milk in Boston agreed with the representatives of the Adjustment Administration on the announced reduction.

The amended license also provides that the formula for computing Class II price shall be based on the Bostom cream price instead of on the butter market.

Another change in the license makes it possible for producers to drop out of the market for as much as two months and still maintain their bases. The license provides that freight rates are to be computed on l.c.l. instead of c.l. basis and returns the country station charge to 23-1/4 cents.

* * *

In the amended milk license for the Sioux City, Iowa, sales area, effective July 18, changes are made in the Class I milk price from the rigid figure of 46 cents a pound butterfat to a formula of 19 cents a pound over the average price of 90-score butter, "centralized carlots", as reported on the Chicago market.

* * *

An amended milk license for the Evansville, Indiana, sales area became effective July 24. This license was amended to add new provisions which clarify the license and bring it into conformity with revisions to the standard form of license made since the license for Evansville was last amended on November 22, 1934. No changes are made in price or classification now in effect in the license.

* * *

An amendment to the existing milk license for St. Louis, Missouri, became effective July 25. It provides for adjustment by the market administrator of the prices which distributors are to pay producers for Class I and Class II milk sold outside the sales area. Such adjustment shall be equal to the difference between the Class I and Class II prices stipulated in section 1,

article V, of the license and the prevailing prices to producers in the market outside the sales area where such milk is sold.

# # #

RENTAL, BENEFIT PAYMENTS IN 11 MONTHS

During the July 1, 1934, to June 1, 1935, period of the 1935 fiscal year the Agricultural Adjustment Administration expended in rental and benefit payments, removal and conservation of surplus agricultural commodities, drought relief, administrative expenses, and other operations, a total of $767,195,306 from funds available amounting to $918,045,135, leaving a balance available of $150,849,829, according to the monthly Comptroller's report issued July 22, 1935.

The report, which has been revised and will henceforth report expenditures on a bais of current fiscal year, instead of from date of organization as previously reported, lists expenditures for the period as follows: Rental and benefit payments to farmers cooperating in adjustment programs, $535,547,698; removal and conservation of surplus agricultural commodities, $10,043,550; drought relief, food conservation and disease eradication, $145,595,764; trust fund operations, $11,746,526; administrative expenses, $34,401,654; disbursement expenses, $737,005; and tax refunds, $29,123,107.

The funds shown available by the new form of report include a balance of $281,565,270 carried over from the 1934 fiscal year, ending June 30, 1934, from appropriations and trust fund receipts; and, in addition to these funds, receipts from appropriations and trust funds during the year amounting to $111,900,020, making a total of $393,465,290 available from funds NOT derived from processing taxes. At the beginning of the fiscal year a balance of $71,572,151 in processing taxes was carried, to which collections since reported up to April 30, 1935, have added $453,007,693, bringing the total of funds available from processing taxes to $524,579,844. It was pointed out that processing tax collections shown in the report lagged a month behind expenditures reported chargeable against processing taxes.

Rental and benefits cumulative for the period of the report were divided as follows among commodities: Cotton, $102,503,017; Wheat, $97,503,986; Tobacco, $23,784,768; Corn-hogs, $296,435,801; Sugar, $15,320,123.

Removal and conservation of surplus operations included: Hogs, $1,408,886; Wheat, $1,087,744; Dairy products, $6,507,373; Sugar, $365,536; and peanuts, $674,008.

Drought relief, food conservation and disease eradication operations are listed as $120,583,408 spent for cattle, including $9,586,637 for indemnities paid in the disease eradication program; $7,702,288 for drought sheep and goat purchases and $17,310,068 for the purchase of seeds and their distribution in the drought area.

Trust fund operations included $11,695,781 distributed to producers who pooled their excess cotton tax-exemption certificates for sale to producers with excess cotton, and $50,744 from a rice trust fund set up under the southern rice marketing agreement.

During May farmers cooperating in adjustment programs received a total of #36,790,148 in rental and benefit payments, of which $16,043,225 was paid cotton producers, $2,877,272 to wheat growers; $3,073,323 to tobacco producers, $10,362,121 to corn-hog producers and $4,434,205 to sugarcane and sugarbeet growers.

# # #

PROCESSING TAX COLLECTIONS REACH $866,694,982

The Agricultural Adjustment Administration has reported that cumulative gross receipts of processing and related taxes from date of imposition through May 31, 1935, had reached a total of $866,694,982.40. The processing taxes have been collected on the first domestic processing of 8 agricultural commodities designated by the Adjustment Act as basic, and compensatory taxes have been collected on paper and jute products which compete with cotton. The related taxes include the ginning tax on excess cotton under the Bankhead Cotton Control Act; and tobacco producers sales tax collected on excess tobacco under the Kerr-Smith Tobacco Act.

The report lists collections by commodities, as follows: Wheat, $234,019,262.98; cotton, $236,624,912.90; paper and jute, $12,310,764.27; tobacco, $48,469,115.09; field corn, $10,860,650.51; hogs, $254,315,586.89; sugar, $61,500,501.14; peanuts, $3,367,490.21; rice, $17,719.80; cotton ginning tax, $947,212.15; tobacco producers sales tax, $3,229,243.25; unclassified, $1,032,523.21.

The complete report follows, listing gross collections by commodity, and state in which collected. Collections listed for a State do not constitute the amount of taxes paid by consumers within such State, but merely reflect tax returns from points of collection, such as flour mills, textile mills, packing plants and other processing plants, and do not take into account the final distribution of the products bearing the tax.

Processing and Related Taxes Collected (Gross) through May 31, 1935, as Reported by the Bureau of Internal Revenue, Classified by State and Commodity.

State	Total *	Wheat	Cotton	Tobacco
Ala.	$ 15,446,844.80	$ 123,524.94	$ 14,148,410.66	$ 27,127.40
Ariz.	689,129.02	345,308.39	42,408.93	3,381.43
Ark.	845,086.26	122,938.62	466,085.90	18,935.04
Calif.	29,394,050.45	10,273,324.00	2,784,181.29	869,917.09
Colo.	12,442,393.77	4,591,586.92	388,524.40	13,530.97
Conn.	3,324,473.63	110,319.33	2,444,135.15	52,711.48
Del.	923,052.10	165,583.81	167,285.61	118,460.39
Fla.	1,476,814.46	82,271.18	149,696.83	714,117.11
Ga.	37,108,009.87	1,214,826.93	31,623,135.75	49,940.04
Hawaii	770,921.28	27,641.71	125,035.11	10,701.47
Idaho	992,925.98	558,475.18	54,798.76	4,098.99
Ill.	149,051,673.97	15,663,726.46	4,899,375.69	1,202,257.25
Ind.	15,520,237.51	5,381,362.98	820,500.29	199,566.02
Iowa	29,749,110.33	980,296.91	405,802.39	44,282.42
Kansas	25,838,678.77	24,035,200.68	434,637.34	16,196.60
Ky.	13,105,590.34	3,382,579.05	927,115.45	4,700,438.65
La.	7,545,748.68	137,156.74	1,366,772.01	78,050.42
Maine	3,296,198.70	74,877.45	2,901,058.29	13,146.36
Md.	11,237,925.63	1,144,420.74	3,279,811.33	153,071.16
Mass.	40,555,573.37	500,491.55	32,862,943.09	120,678.05
Mich.	10,290,942.26	4,290,697.15	1,135,248.29	708,942.49
Minn.	51,122,361.19	43,572.594.19	679,494.30	61,844.74
Miss.	1,413,577.78	91,525.02	1,147,856.72	15,890.37
Mo.	36,175,013.89	20,571,304.63	3,728,921.52	1,482,039.72
Mont.	3,847,618.87	3,333,860.95	65,138.96	8,388.15
Neb.	9,456,300.45	6,548,249.09	218,621.09	15,703.32
Nev.	190,551.96	89,281.22	8,872.98	8,630.98
N.H.	3,471,572.80	212,795.26	3,010,906.98	83,752.28
N.J.	7,778,517.02	621,449.69	2,262,384.32	1,918,345.43
N.Mex	256.787.75	127,929.72	42,179.70	3,191.54
New York	94,574,563.89	24,283,104.77	19,985,804.23	10,278.057.91
N.Car.	62,763,465.70	2,535,630.27	44,691,562.18	14,227,219.14
N.Dak.	1,949,614.25	1,638,986.33	68,582.01	2,524.12
Ohio	28,318,608.18	9,818,938.70	2,492,273.52	2,534,313.50
Okla.	7,352,705.51	5,954,685.79	576,695.89	17,087.92
Ore.	6,335,971.92	5,329,927.72	171,370.34	12,831.67
Pa.	27,541,798.62	5,084,101.69	3,706,523.75	2,494,431.58
R.I.	5,269,043.81	57,243.02	4,985,323.45	15,049.36
S.Car.	34,067,998.57	183,043.34	33,228,286.99	36,082.51
S.Dak.	852,698.87	439,707.61	72,173.41	4,799.68
Tenn.	12,033,501.20	3,434,013.21	4,205.421.36	1,040,133.43
Texas	22,438,129.91	15,043,417.07	3,656,696.22	92,979.57
Utah	3,008,138.25	464,724.97	106,057.17	4,090.69
Vermont	521,723.79	68,963.52	258,976.49	4,704.42
Va.	16,537,126.83	2,970,021.78	4,462,034.61	4,415,953.79
Wash.	8,773,532.96	6,672,279.87	307,748.29	20,976.80
W.Va.	1,941,945.59	590,491.19	372,338.31	467,558.01
Wisc.	8,693,942.34	811,639.66	661,100.14	80,541.03
Wyo.	402,789.32	262,741.98	24,605.41	2,442.60
Totals	$866,694,982.40	$234,019,262.98	$236,624,912.90	$48,469,115.09

* Total for all Processing and related taxes collected.

(Continued)

State	Field Corn	Hogs	Paper and Jute	Sugar
Ala.	$ 148,064.41	$ 464,921.70	$ 25,914.18	$ 88,670.71
Ariz.	2,727.74	279,643.34	2,063.38	9,278.55
Ark	69,669.58	114,103.48	8,988.23	13,621.76
Calif.	42,713.42	4,653,752.61	1,063,388.51	9,696,614.90
Colo.	5,755.59	744,148.45	199,513.37	6,342,539.68
Conn.	2,338.21	696,743.34	6,296.16	10,447.86
Del.	6,554.63	443,418.25	20,483.49	1,265.92
Fla.	13,337.74	194,936.17	46,705.31	157,716.55
Ga.	222,960.93	978,334.10	323,236.54	1,845,646.47
Hawaii	289.98	86,211.82	467,683.85	48,911.60
Idaho	1,492.54	350,293.92	19,384.67	3,081.40
Ill.	1,585,842.71	124,741,369.15	555,403.83	393,335.83
Ind.	763,159.29	8,120,780.49	37,164.05	127,663.27
Iowa	1,150,321.19	27,049,877.59	35,446.36	82,903.51
Kans.	38,311.34	1,146,097.39	74,967.37	91,436.75
Ky.	544,826.72	1,665,457.96	47,659.02	26,933.23
La.	95,155.69	189,845.92	304,359.17	5,337,758.95
Maine	1,559.82	172,528.82	124,637.20	8,390.76
Md.	26,489.44	3,318,832.01	625,640.58	2,450,793.09
Mass.	24,753.89	4,923,317.58	461,751.68	1,648,197.28
Mich.	266,182.54	2,261,543.41	108,998.03	1,374,858.85
Minn.	29,203.94	6,433,282.01	251,823.13	93,801.25
Miss.	36,332.99	47,811.41	4,202.71	10,023.60
Mo.	382,391.61	8,569,831.57	1,361,584.54	56,967.81
Mont.	3,137.65	418,981.20	10,662.72	6,627.12
Nebr.	155,401.16	2,470,270.23	26,571.27	21,277.46
Nev.	2,846.88	64,447.89	6.67	16,465.34
N.H.	1,548.88	19,843.98	137,139.38	2,047.24
N.J.	11,919.71	2,864,813.84	84,994.04	14,472.27
N. Mex.	1,727.81	56,013.92	1,506.12	7,735.70
N.Y.	3,701,545.76	12,931,508.17	2,972,811.58	20,416,065.49
N.Car.	82,897.96	238,899.59	49,868.52	100,751.16
N.Dak.	1,040.26	171,112.50	7,346.16	3,646.55
Ohio	138,986.16	12,368,024.68	619,095.77	271,557.38
Okla.	112,247.58	622,415.28	21,106.70	30,477.56
Ore.	3,597.75	695,367.42	94,443.22	20,462.06
Pa.	223,456.38	9,101,162.73	504,050.50	6,409,190.59
R.I.	6,025.90	199,704.11	2,552.06	3,145.91
S.Car.	43,300.23	303,124.99	14,987.06	116,331.04
S. Dak.	2,334.25	323,324.92	3,499.72	6,738.16
Tenn.	234,578.14	2,274,666.18	247,622.76	22,555.30
Texas	257,970.65	1,575,087.62	190,811.28	1,115,649.02
Utah	1,310.54	304,620.39	31,114.56	2,095,830.40
Vermont	604.07	54,649.82	131,840.30	1,985.17
Virginia	90,120.40	1,199,149.89	469,619.67	654,220.73
Wash.	31,263.72	1,625,644.79	49,950.71	64,546.71
W. Va.	38,626.37	250,629.29	170,492.23	12,153.29
Wisc.	253,050.49	6,425,326.40	290,640.54	163,836.39
Wyo.	675.87	109,714.57	735.37	1,873.52
Totals	$10,860,650.51	$254,315,586.89	$12,310,764.27	$61,500,501.14

(Continued)

State	Peanuts	Rice	Cotton Ginning	Tobacco Producers' Sales	Unclassified
Ala.	$ 173,698.28	$	$244,487.47	$	$ 2,025.05
Ariz.			4,310.41		6.85
Ark.	117.43		26,798.78		3,827.44
Calif.	272.93	941.37	6,860.70		2,083.63
Colo.					156,794.39
Conn.					1,482.10
Del.					
Fla.	83,859.26	154.74	30,723.42	2,495.59	800.56
Ga.	768,335.71		48,618.01	13,835.58	19,139.81
Hawaii	1,045.11	3,318.77			81.86
Idaho					1,300.52
Ill.	1.82		8,390.51		1,970.72
Ind.				69,598.25	442.87
Iowa					179.96
Kans.					1,831.30
Ky.			4,353.93	1,804,939.00	1,287.33
La.		73.44	36,485.70		90.64
Maine					
Md.	68.38				238,798.90
Mass.	6.28	67.68			13,366.29
Mich.	2.82				144,468.68
Minn.		.05			317.58
Miss.			57,835.65		2,099.31
Mo.			16,723.25	5,219.70	29.54
Mont.					822.12
Nebr.					206.83
Nev.					
N.H.					3,538.80
N.J.					137.72
N.Mex	1,085.66		15,362.97		54.61
N.Y.	513.99	5,096.28			55.71
N.Car.	119,380.10		24,810.86	417,756.40	274,689.52
N.Dak.					56,376.32
Ohio	.02	.30		62,822.92	12,595.23
Okla.	17,529.75		459.04		
Ore.	7.00	801.20			7,163.54
Pa.	12,240.55	6,249.03			391.82
R.I.					
S.Car.	269.80		68,642.90	17,235.93	56,693.78
S.Dak.					121.12
Tenn.	34,489.39		72,450.32	460,679.56	6,891.55
Texas	225,716.89		271,819.26		7,982.33
Utah					389.53
Vermont					
Va.	1,928,738.24		8,078.97	336,703.48	2,435.27
Washington	60.80	1,016.94			44.33
W.Va.				37,956.84	1,700.06
Wisc.					7,307.69
Wyo.					
Totals	$3,367,490.21	$17,719.80	$947,212.15	$3,229,243.25	$1,032,523.21

# # #

NEW YORK FACTORY JOBS CREATED BY SOUTHERN BUYING

Responding to increased purchasing power in the agricultural Southeast, New York City and many cities and towns in upstate New York have accelerated their manufacturing operations, with corresponding increases in employment and general business activity, the Agricultural Adjustment Administration has reported. Carlot shipments of industrial and manufactured commodities originating in the State of New York and delivered by four important railroads in the Southeast agricultural states increased by 49.4 percent in the first year after the Government's farm program and other recovery measures went into effect. A general survey by the Adjustment Administration, the New York results of which have just been announced, shows that during the year ending June 30, 1933, shipments from the state of New York totaled 107,785,327 pounds, whereas during the following year, ending June 30, 1934, after the effects of the recovery program had begun to be felt, the total was 160,993,867 pounds.

New York state products of a widely diversified nature were affected by the increased buying. Several outstanding groups were farm implements and machinery, which increased by 384.7 percent from 478,598 pounds to 2,319,562 pounds; commercial and industrial machinery, increasing from 3,955,039 pounds to 5,130,690 pounds, or 29.7 percent; iron and steel products, from 6,669,347 pounds to 14,036,986 pounds, or 110.5 percent; drugs and chemicals, from 15,443,291 pounds to 20,604,651 pounds, or 33.4 percent; and paper and paper products, from 21,768,590 pounds to 27,819,884 pounds, or 27.8 percent.

Shipments from New York City to the Southeast by way of the four railroads increased by 37.7 percent, from 16,023,681 pounds to 22,056,736 pounds. Industrial materials and supplies bulked largest. This group increased from 3,355,652 to 6,237,527 pounds, or 85.9 percent, and included bottle caps, felt and carpeting, glue and sizing, hides and pelts, vegetable oils, sponges, tallow, tanners' extracts and oils, waste and sweepings, explosives, and twine and rope.

The industrial and commercial machinery and equipment group increased from 371,321 to 2,121,122 pounds, or 471 percent. This group included boilers, tubes and parts, cables, contractors' equipment, various kinds of machinery, machinery parts and equipment, tools and equipment, theater chairs, and switchboards. Carlot shipments of domestic and personal items, such as soap, toilet preparations, mineral oil, shoe polish, toys and arms and ammunition increased from 816,267 to 1,726,501 pounds, or 111.5 percent. Textiles, including cloth of various kinds, thread and yarn, and burlap and bagging, increased from 1,619,429 to 1,711,914 pounds, or 5.7 percent.

Of the other New York cities of more than 10,000 population, shipments from the following 37 increased: Albany, Amsterdam, Auburn, Beacon, Brooklyn, Buffalo, Cohoes, Corning, Cortland, Dunkirk, Elmira, Endicott, Herkimer, Hornell, Johnson City, Lackawanna, Lockport, Long Island City, Massena; Middletown, North Tonawanda, Ogdensburg, Olean, Oneida, Oneonta, Oswego, Peekskill, Plattsburg, Port Chester, Poughkeepsie, Rochester, Syracuse, Tonawanda, Troy, Utica and Watertown. Decreases were shown in the shipments from 14 cities over 10,000, as follows: Batavia, Binghamton, Fulton, Glens Falls, Hudson, Ithaca, Jamestown, Kingston, Little Falls,

Niagara Falls, Rome, Saratoga Springs, Schenectady and Yonkers.

The entire study covered shipments originating on more than 130 railroads in the 16 industrial states east of the Mississippi River and north of the Ohio and Potomac Rivers. For the region as a whole, shipments increased by 38.8 percent. During the same period, cash income of farmers in the southeastern states increased 59.9 percent.

# # #

CIGAR TOBACCO GROWERS TO VOTE ON REFERENDUM

Growers of cigar filler and binder tobacco will indicate by referendum this month whether they want the production adjustment program for their crop continued after 1935. Cigar filler and binder producers in Wisconsin, Minnesota, Ohio, Indiana, Pennsylvania, New York and New England are being supplied with ballots bearing the question, "Are you in favor of a tobacco adjustment program to follow the present one which expires with the 1935 crop year?"

Where convenient, ballots will be distributed when 1935 acreage compliance is checked; otherwise they will be mailed to the eligible voters. All share-tenants, share-croppers, renters and landowners who are actually engaged in the production of cigar filler or binder type tobacco in the mentioned areas are eligible to vote in the referendum regardless of whether they have signed adjustment contracts.

Ballots which are signed may be returned to a county agent's office at any time before August 4, 1935. Unsigned ballots will be accepted on August 3, the final voting day, if deposited by the voter at the official polling place designated by the county agent.

# # #

SUGAR PROGRAM PAYMENTS ANNOUNCED

The Agricultural Adjustment Administration has announced that the final 1934 sugar beet adjustment payment would be at the rate of 75 cents a ton, and that the initial 1935 payment would be 80 cents a ton. The initial 1934 payment was $1 a ton, making a total adjustment payment for 1934 of $1.75 a ton. The total 1935 payment will depend upon the prices which sugar beet producers receive for their present crop. It was announced at the same time that the initial 1935 adjustment payment to cooperating Louisiana sugarcane producers would be 70 cents a ton. The final 1934 sugarcane payment will be determined shortly. It is estimated that payment of the final 1934 adjustment payment to cooperating sugar beet producers will bring the total benefit payments to them on their 1934 crop to approximately $19,250,000. The first payment at the rate of $1 a ton on the estimated production of growers totaled approximately $11,000,000, most of which has now been paid. The 1934 payments are based on the actual production or on estimated production at average yields, whichever is higher. This feature

provided crop income insurance for many farmers who suffered large drought losses in 1934.

The first 1935 adjustment payment of 80 cents a ton on sugar beets will amount to between $7,000,000 and $8,000,000. The first 1935 adjustment payment to the Louisiana sugar cane producers is estimated at approximately $2,300,000. Louisiana producers have received approximately $3,000,000 to date on the first 1934 payment which was at the rate of $1 a ton on their base production. A total of 69,943 sugar beet adjustment contracts and 9,095 Louisiana sugarcane adjustment contracts have been received in Washington.

Both the final 1934 and first 1935 adjustment payments are payable to producers as soon as compliance reports have been made and auditing of them has been completed. Field work on the reports is under way.

The determination of the initial payments is made in accordance with the terms of the adjustment contracts for sugar beets and sugarcane, which provided that the initial 1935 payments should be at least 50 cents a ton. The initial beet payments will be based upon the estimated production of the planted acreage of the cooperating producers. The total payment will be based on the actual production. The initial sugarcane payment will be made on the base production of cooperating growers, or upon their estimated production, according to terms of the contract. The total sugarcane payment will be based upon the production allotment of each producer.

The 1934 adjustment payments on beets were based upon a computed parity price of $6.79 a ton, and an estimated average price received for beets of $5.04 a ton. The parity price was computed by multiplying the average price of sugar beets in the base period ($5.52) by the average index number for 1934 of prices of commodities bought by farmers, which was 123.

# # #

FIVE-MONTH SUGAR STATISTICS BY AAA

The Sugar Section of the Adjustment Administration has issued its monthly statement of sugar statistics obtained directly from cane refiners, beet sugar processors and importers. The data cover the period January - May, 1935, and are obtained in the administration of the Jones-Costigan Act, which requires the Secretary of Agriculture to determine consumption requirements and establish quotas for various sugar producing areas.

# # #

SUGAR QUOTA ENTRIES FOR 6 MONTHS

The quantity of sugar entered for consumption in the United States during the first six months of this year from Cuba, the Philippines, Puerto Rico, the Virgin Islands and Hawaii totaled 2,790,037 short tons, raw value, without final polarization and final outturn adjustments. This quantity

has been charged against the 1935 quotas for the areas indicated, the Sugar Section of the Agricultural Adjustment Administration has announced.

The report, covering entries of sugar from January 1 to July 1, shows that the quantity entered represented 62.6 percent of the total of 4,454,019 tons admissible from those areas under the quotas established for 1935 by General Sugar Quota Regulations, Series 2. Such quotas and the balances available for the rest of the year under such quotas are subject to change under the Jones-Costigan Act when effect is given to the revised data on hand as a result of the investigation of importations from the producing areas in the so-called "basic" years, or if consumption changes, or if any other debits or credits required under the provisions of the Act are given effect.

# # #

CLOSING DATES FOR RICE TAX-EXEMPT WARRANTS

The Agricultural Adjustment Administration has announced that dates have been set for discontinuing the issuance of tax-payment warrants with respect to 1933-1934 rough rice in the several rice-producing regions. Such regions, together with the final date for filing applications for tax-payment warrants, are as follows: Southern, including Arkansas, Louisiana, Tennessee and Texas, July 31; California, August 15; Hawaii, August 31.

Prior to April 1, the effective date of the processing tax of 1 cent a pound on rice, it was announced that tax-payment warrants would be issued on application to eligible persons to cover the processing tax on rough rice produced in 1933 and 1934 and still in the hands of producers, processors and other persons. These warrants will be accepted by the Bureau of Internal Revenue in payment of the processing tax.

Any application for tax-payments warrants will be considered which, prior to midnight of the respective dates set forth, is personally delivered to, or deposited in the mails addressed to, a duly authorized agent of the Secretary of Agriculture.

# # #

RICE GROWERS MAY TAKE SMALLER BENEFITS

Signers of rice adjustment contracts whose plantings this season are shown upon measurement to be in excess of acreage allotted under their contracts, may harvest such excess acreage up to an amount of 25 percent of allotted acreage if they accept reduced benefit payments, under a ruling announced by the Agricultural Adjustment Administration. No payments will be made in any case where the producer's total share in the acreage planted to rice in 1935 on all the farms covered by his contract exceeds his allotment by more than 25 percent. However, any acreage in excess of a producer's allotment upon which the rice has been rendered unfit for harvest will not be included in computing the producer's total acreage for the purpose of checking compliance with his contract.

The rice program for the Southern area, composed of the rice-producing sections of Louisiana, Arkansas and Texas, provides for a reduction of 20 percent from the 1929-33 average planted acreage in return for adjustment payments. These payments are based on 85 percent or less of the contracting producer's production quota, depending on the percentage of the total acreage allotment planted. The reduced payments will be computed in accordance with the following schedule:

Percentage by which producer's share of acreage planted to rice exceeds his allotment	Percentage of quota on which payments will be made
Under 2.1	84
2.1 to 4.0	83
4.1 to 6.0	81
6.1 to 8.0	79
8.1 to 10.0	76
10.1 to 14.0	70
14.1 to 18.0	64
18.1 to 22.0	56
22.1 to 25.0	50

# # #

VEGETABLE ACREAGE SLIGHTLY INCREASED

A study just completed by the Bureau of Agricultural Economics of the Department of Agriculture indicates that increased production of commercial vegetable crops during 1934 and 1935 has been influenced only slightly by reductions in acreage of major crops. The study indicates that this increase has been mainly in commercial vegetable growing areas, where the bulk of the expansion of vegetable crops has taken place in former years.

During the decade from 1925 to 1935 the commercial acreage of 21 vegetable crops increased from 2,150,000 acres to 2,906,000 acres, or 35 percent.

Programs adjusting production of major crops, including wheat, cotton, tobacco, corn and hogs, affect a large number of states. Among the states wholly or almost wholly planted to these major crops are Texas, cotton; North and South Carolina, tobacco and cotton; Iowa, Kansas and Nebraska, wheat, corn and hogs; North and South Dakota and Idaho, wheat.

The study shows that the total increase in acreage of all market vegetables except potatoes in this group of states for the two years from July 1, 1933, to July 1, 1935, amounts to 50,335 acres, as against an increase of vegetable acreage for the entire country for the same period of 657,405 acres. The increase for these states represents approximately 7.6 percent of the country's increased acreage or only 1.7 percent of the country's acreage devoted to vegetables. Figures covering potatoes for the entire period under study are not as yet available.

A study conducted by the replacement crops section of the Agricultural Adjustment Administration last fall reached similar conclusions. This survey indicated that land retired under contract from the production of cotton and tobacco was not being used for commercial plantings of potatoes or other truck crops.

# # #

NEW PROGRAM FOR CALIFORNIA DECIDUOUS FRUIT

A new marketing agreement and amended license for growers and shippers of California fresh deciduous tree fruits, except apples, became effective July 20. With the approval of the new agreement, the previous marketing agreement issued September 1, 1933, is terminated, and the license is amended to supplement the new agreement.

The agreement, which has been signed by a substantial percentage of both shippers and growers of California deciduous fruit, is designed to improve growers' incomes through the following methods for controlling movement of fruit to market; (1) Regulations which limit the sizes and grade of fruit that may be shipped, (2) period-to-period proration of shipments, and (3) regulation of day-to-day shipments from rail concentration points.

The original California deciduous tree fruit agreement was the first fruit marketing agreement to be established under the provisions of the Agricultural Adjustment Act. The new agreement was sought by growers and shippers to incorporate the grade and size regulations, to provide for day-to-day regulation of shipments, which were not included in the original agreement, and to otherwise improve the provisions of the agreement for practical operation in the light of experience gained under the original agreement.

A control committee consisting of 13 grower and 12 shipper members will administer the agreement. Grower members were selected in proportion to the tonnage of the various fruits shipped. Four members were selected by the Bartlett Pear Commodity Committee, two by the Peach Commodity Committee, three by the Plum Commodity Committee, two by the Winter Pear Commodity Committee, and one each by the Apricot and Cherry Commodity Committees. Each of these Commodity Committees is composed of seven members selected by growers.

# # #

PEACH CANNING LICENSE RESTORED

An order has been issued by the Secretary of Agriculture, effective at once, restoring the license of the California Canning Peach Growers, San Francisco, California, under License No. 75 for Canners of Cling Peaches grown in the State of California, is announced today by the Agricultural Adjustment Administration. The license of the California Canning Peach Growers was revoked by the Secretary on January 23, 1935, following a hear-

ing at which this Cooperative was found guilty of violations.

Since that time the Cooperative has been entirely reorganized, and a new board of directors elected, consisting of none serving at the time of the violations. A new Manager and Secretary-Treasurer have been appointed. In view of these facts, it was decided to restore the license. This Cooperative is the largest peach Cooperative in California, controlling approximately 50,000 tons, of the present estimated crop of 190,000 tons.

# # #

WATERMELON SHIPPER CITED

An order to show cause has been issued by the Secretary of Agriculture in connection with alleged violations by T. G. Taylor, Morehead City, N. C., of license No. 83 for the Watermelon Industry in the Southeastern States (Florida, South Carolina, North Carolina and Georgia). Mr. Taylor, operating under this license, is charged with violation of the conditions of the license by shipping watermelons without Federal-State inspection and certification, by shipping watermelons not U. S. grades Nos. 1 and 2, both contrary to resolutions of the control committee, and by refusing and failing to pay his share of contribution to the control committee as required by the license. He is directed to show cause on or before July 31, 1935, why the Secretary of Agriculture should not refer the matter to the Department of Justice, with the request that appropriate action be taken.

# # #

FLORIDA CITRUS AGREEMENT TERMINATED

The cancellation of the Florida citrus fruit agreement and license became effective July 15. This action was taken at the direct request of five shippers - John S. Barnes, Inc., Plant City; L. Maxcy, Inc., Frostproof; Lee & Edwards Corp., Tampa; W. H. Mouser & Co., Orlando, and Lake Byrd Citrus Packing Co., Avon Park. The cancellation order was signed by Secretary of Agriculture Henry A. Wallace.

Commenting on this action, Administrator Davis stated: "The Florida citrus marketing agreement authorizes the Secretary of Agriculture to cancel the marketing agreement on notice of one day, or at the request of two-thirds of the contracting shippers and growers. While the request for cancellation comes from a group which represents less than 10 percent of the volume of fruit, this request indicates that less than 50 percent of the shippers by volume are now willing to support the agreement in its present form. Four of the shippers requesting termination state that the agreements were executed by them in order that their representatives might qualify for membership on the control committee administering the agreement. The agreement sought to increase returns to growers through proration of total volume that might be shipped, and through limitation of grades and sizes of fruit that might be shipped.

"The plan of operation of marketing agreements and orders supporting such agreements under the amendments to the Agricultural Adjustment Act now before Congress contemplates that such orders shall be issued by the Secretary supplementary to a marketing agreement only when 50 percent of the handlers sign such an agreement or when two-thirds of the producers indicate their support of such a program. As the Florida citrus agreement does not now have the necessary support to qualify for the issuance of an order after public hearing, the agreement has been cancelled in order to permit the industry a full opportunity to agree on a program before the coming shipping season, if the majority of the industry desires to take such a step.

"For several months the agreement has not been in operation due to the severe damage as the result of the frost last December. Recently State legislation has been adopted including several of the principles of the present agreement. Among the most important of these are the standardization and inspection provisions. The present agreement has applied only to shipments in interstate commerce, so that there need be no conflict between the new State legislation and a Federal marketing agreement.

"I have already indicated to Governor Sholtz that the Adjustment Administration will be glad to cooperate in any way in connection with the new program of State legislation. Everyone in the citrus industry should realize that the new state legislative program does not authorize the regulation of shipments in interstate commerce, which experience has indicated to be the most effective method for increasing returns to producers.

"In their letter requesting termination the shippers named have indicated that they 'stand ready to join in the negotiation of a new Marketing Agreement, acceptable to the Florida industry, dovetailing properly with our State set-up and covering only the field of proration and distribution, when the pending amendments to the AAA have been finally acted on.'

"The Administration realizes fully the unfavorable financial returns which Florida producers have received during the past season, chiefly due to the extensive frost damage. Cancellation of the present agreement and license will give the Florida citrus industry full opportunity to develop a new program in harmony with the State legislation, if the industry desires to take such action. The Adjustment Administration stands ready to assist in the development of such a program, but, in order to be effective, such a program must have the full cooperation of a large majority of the growers and shippers of citrus fruit."

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FRANK C. BAKER, COMMODITIES PURCHASE SECTION CHIEF

The Adjustment Administration has announced the appointment of Frank C. Baker as chief of the commodities purchase section. He replaces Col. Philip G. Murphy, recently appointed assistant director of the emergency crop loan division of the Farm Credit Administration.

Before his appointment Mr. Baker was marketing specialist in the dairy section. Previously he was market administrator under the Chicago milk license. His first position with the Agricultural Adjustment Administration was that of regional representative in the field investigation section. He was appointed to that post in August, 1933.

Mr. Baker was born in 1895, at Atchison, Kan. He completed three years at Princeton University, leaving to enter the army. After the war, he studied at the Harvard School of Business Administration, where he received his master's degree in 1920. In the spring of 1922 he completed the short course in the milling industry department of the Kansas State Agricultural College.

Mr. Baker's background includes experience with the grain and livestock business. Since 1921 he has operated a farm at Hickman Mills, Mo., where he specialized in breeding Shorthorn cattle, and has operated a dairy. As chief of the commodities purchase section, he will supervise the buying of surplus agricultural commodities. At the present time, the section is buying dairy products which will be turned over to the Federal Surplus Relief Corporation for distribution to people on relief rolls. The Commodities Purchase Section handled the cattle-buying program last summer during the drought emergency.

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DR. HOOVER RESIGNS AS AAA CONSUMERS' COUNSEL

Dr. Calvin B. Hoover, Consumers' Counsel of the Agricultural Adjustment Administration, will leave that position to return to his post as professor of economics at Duke University, the Adjustment Administration has announced. Dr. Hoover plans to return to Duke at the expiration of his leave of absence at the beginning of the school year in September. Donald E. Montgomery, assistant director of the Consumers' Counsel Division, will succeed Dr. Hoover as Consumers' Counsel. The change will be effective about September 15.

Duke University granted Dr. Hoover a leave of absence in December, 1933, so that he could join the staff of the AAA as economic advisor. Last February Dr. Hoover was appointed Consumers' Counsel. Chester C. Davis, Administrator, expressed keen appreciation of Dr. Hoover's services and regret that he has found it necessary to leave his work as Consumers' Counsel.

Mr. Montgomery has been assistant director of the Consumers' Counsel Division since last March. He had resigned as director of the Registration Division of the Securities Exchange Commission to accept the position with the Adjustment Administration. He was born in 1896. In 1918 he was graduated from the University of Pennsylvania. Later he took two years of graduate work at the University of Wisconsin. For five years he was in charge of administering the Wisconsin anti-trust laws, working in cooperation with the state attorney-general and the Department of Markets. Since July, 1933 he had been engaged in examining registration statements filed under the Federal Securities Act. He continued that work when the Securities Exchange Commission was established in 1934.

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